

**CS FOR SENATE BILL NO. 64(EDC)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

**BY THE SENATE EDUCATION COMMITTEE**

**Offered: 4/22/19**

**Referred: Finance**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to state aid for costs of school construction debt; and providing for an**  
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1.** AS 14.11.014(a) is amended to read:

5 (a) The commissioner shall establish a [BOND REIMBURSEMENT AND]  
6 grant review committee for the purpose described in (b) of this section. In making  
7 selections to the committee, the commissioner shall seek to maintain a regional  
8 statewide balance on the committee. The committee shall consist of the commissioner  
9 or the commissioner's designee, two members of the legislature selected by the  
10 presiding officers of the house and senate, and six other people selected by the  
11 commissioner as follows:

12 (1) two persons shall have professional degrees and experience in  
13 school construction;

14 (2) two persons shall have experience in urban or rural school facilities

1 management;

2 (3) two persons shall represent the public.

3 \* **Sec. 2.** AS 14.11.014(b) is amended to read:

4 (b) The committee shall

5 (1) review the department's priorities among projects for which school  
6 construction grants are requested;

7 (2) make recommendations to the board concerning school  
8 construction grants [AND MAKE RECOMMENDATIONS TO THE  
9 COMMISSIONER CONCERNING PROJECTS FOR WHICH BOND  
10 REIMBURSEMENT IS REQUESTED];

11 (3) develop criteria for construction of schools in the state; criteria  
12 developed under this paragraph must include requirements intended to achieve cost-  
13 effective school construction, **including consideration of multipurpose function**  
14 **and designs to reduce overall facility costs for the affected community**;

15 (4) analyze existing prototypical designs for school construction  
16 projects;

17 (5) establish a form for grant applications;

18 (6) establish a method of ranking grant projects;

19 (7) recommend to the board necessary changes to the approval process  
20 for school construction grants [AND FOR PROJECTS FOR WHICH BOND  
21 REIMBURSEMENT IS REQUESTED];

22 (8) set standards for energy efficiency for school construction and  
23 major maintenance to provide energy efficiency benefits for all school locations in the  
24 state and that address energy efficiency in design and energy systems that minimize  
25 long-term energy and operating costs.

26 \* **Sec. 3.** AS 14.11.025(b) is amended to read:

27 (b) The amount of money available each fiscal year for expenditure under (a)  
28 of this section shall be the annual debt service on **the projected liability for** debt  
29 incurred **and funded for reimbursement before July 1, 2019,** under AS 14.11.100(a)  
30 divided by the percentage of all schools that are located in a city or borough school  
31 district that is not a small municipal school district, the quotient of which is to be

multiplied by .244.

\* **Sec. 4.** AS 14.11.100(s) is amended to read:

(s) Notwithstanding any other provision of law, the commissioner may not approve an application for bond debt reimbursement made by a municipality for school construction or major maintenance for indebtedness authorized by the qualified voters of the municipality on or after January 1, 2015 [, BUT BEFORE JULY 1, 2020].

\* **Sec. 5.** AS 14.11.102(c) is amended to read:

(c) The commissioner may not allocate funds to a municipality under AS 14.11.100 for the retirement of the principal of and interest on outstanding tax-exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after January 1, 2015 [, BUT BEFORE JULY 1, 2020].

\* **Sec. 6.** AS 29.45.020(a) is amended to read:

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL FUNDING PROGRAM (AS 14.17)	\$
[STATE AID FOR RETIREMENT OF SCHOOL CON-	\$
STRUCTION DEBT (AS 14.11.100)]	
COMMUNITY ASSISTANCE	\$
PROGRAM (AS 29.60.850 - 29.60.879)	
TOTAL AID	\$

The millage equivalent of this state aid, based on the dollar value of a mill in the municipality during the current assessment year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT
	PREVIOUS YEAR    THIS YEAR
PUBLIC SCHOOL FUNDING	... .MILLS    ... .MILLS

1                   PROGRAM ASSISTANCE  
 2           [STATE AID FOR RETIREMENT           ...MILLS   ...MILLS  
 3                   OF SCHOOL CONSTRUCTION  
 4                   DEBT]  
 5           COMMUNITY ASSISTANCE           ...MILLS   ...MILLS  
 6                   PROGRAM  
 7           TOTAL MILLAGE EQUIVALENT           ...MILLS   ...MILLS"

8 Notice shall be provided by

9                   (1) furnishing a copy of the notice with tax statements mailed for the  
 10 fiscal year for which aid is received; or

11                   (2) publishing in a newspaper of general circulation in the municipality  
 12 a copy of the notice once each week for a period of three successive weeks, with  
 13 publication to occur not later than 45 days after the final adoption of the municipality's  
 14 budget.

15 \* **Sec. 7.** AS 37.06.030(a) is amended to read:

16                   (a) For each draw made by a municipality under AS 37.06.010, the  
 17 municipality shall contribute a local share to the cost of the capital project for which  
 18 the draw is made. The amount of the local share equals the local share percentage as  
 19 calculated under (1) of this subsection, divided by the state share percentage as  
 20 calculated under (2) of this subsection, multiplied by the amount of the draw. For  
 21 purposes of this subsection,

22                   (1) the local share percentage is

23                           (A) 30 percent for a municipality with a population of 5,000 or  
 24 more;

25                           (B) for a municipality with a population of 1,000 - 4,999, the  
 26 greater of

27                                   (i) 15 percent; or

28                                   (ii) the percentage obtained by dividing the amount that  
 29 would be received by the municipality from a property tax levy of  
 30 1/1000th of a mill for each \$1,000 of grant funds received by the sum  
 31 of that first amount plus the amount of the grant or draw, but not more

1 than 30 percent;

2 (C) for a municipality with a population of under 1,000, the  
3 greater of

4 (i) five percent; or

5 (ii) the percentage obtained by dividing the amount that  
6 would be received by the municipality from a property tax levy of  
7 1/1000th of a mill for each \$1,000 of grant funds received by the sum  
8 of that first amount plus the amount of the grant or draw, but not more  
9 than 30 percent;

10 (2) the state share percentage equals one minus the local share  
11 percentage;

12 (3) the local share to be contributed by a municipality may be satisfied  
13 with (A) federal, municipal, or local money; (B) labor, materials, or equipment used  
14 directly in the construction of the project, or land, including land transferred by the  
15 state to the municipality; the department shall determine the value of a contribution  
16 under this subparagraph; (C) money from another nonstate source; (D) money  
17 received by the municipality under AS 29.60.850 - 29.60.879; (E) state taxes refunded  
18 or reimbursed to the municipality whose use for the purposes of this subsection is not  
19 prohibited; **and** (F) [ALLOCATIONS OF STATE AID FOR THE COSTS OF  
20 SCHOOL CONSTRUCTION DEBT UNDER AS 14.11.100; AND (G)] money  
21 obtained from the sale or lease of land or other assets transferred by the state to the  
22 municipality; except as provided in this paragraph, the local share may not be satisfied  
23 with money from, or with the portion of an asset that was obtained with money from,  
24 an appropriation, allocation, entitlement, grant, or other payment from the state.

25 \* **Sec. 8.** AS 14.11.014(d), 14.11.100(a)(19), AND 14.11.100(a)(20) are repealed.

26 \* **Sec. 9.** Section 6, ch. 3, SLA 2015, is repealed.

27 \* **Sec. 10.** The uncoded law of the State of Alaska is amended by adding a new section to  
28 read:

29 APPLICABILITY. This Act applies to bond debt reimbursement for school construction and  
30 major maintenance incurred by a municipality on or after the effective date of this Act.

31 \* **Sec. 11.** The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2 REVISOR'S INSTRUCTION. The revisor of statutes is requested to change the catch  
3 line of AS 14.11.014 from "Bond reimbursement and grant review committee" to "Grant  
4 review committee."

5 \* **Sec. 12.** This Act takes effect July 1, 2019.